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**SUDBURY  
CONTACT  
MINES,**  
LIMITED

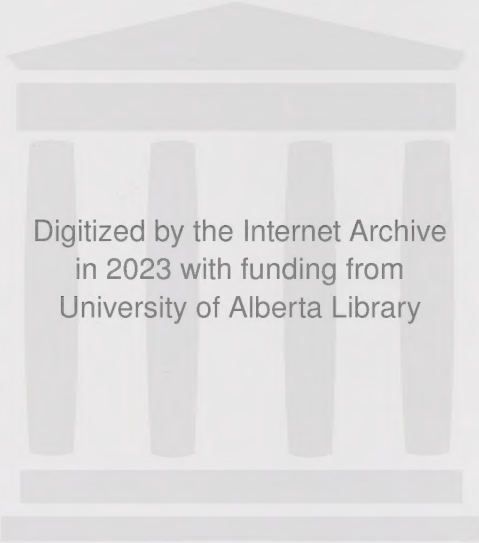


**SEMI  
ANNUAL  
REPORT**

*Kim*



FOR THE PERIOD ENDED JUNE 30  
**1971**



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# SUDBURY CONTACT MINES, LIMITED

*(Incorporated under the laws of the  
Province of Ontario)*

**Executive and Head Office  
Suite 1101, 365 Bay Street, Toronto, Ontario**

To the Shareholders:

The comparative financial statements of the Company for the six months ended June 30, 1971 are attached.

Your Company is currently conducting an extensive exploration program in Hebecourt and Montbray Townships, northwest of Noranda, Quebec. This project includes an optioned group of 32 claims with some occurrences of copper mineralization and two additional claim groups which were staked by the Company following the initial phase of the program. Diamond drilling equipment has been moved in to the property and drilling is expected to commence momentarily.

Prospecting is also being carried out in the Birch Lake Area, Northwestern Ontario, and diamond drilling is expected to resume on the Company's Montgomery Township property west of Blind River by the end of August.

The following is a review of these three separate exploration projects in greater detail:

## **Birch Lake Area, Northwestern Ontario**

Early in the year diamond drilling was resumed to test the lake portion of the anomaly which was tested during the summer of 1970, and a parallel anomaly which lies some 1,000 feet east. Three holes totalling 1,611 feet of drilling were completed without encountering mineralization of economic significance. No further work is planned for this claim group.

A prospecting party was again placed in the field during June 1971 to check out sulphide and gold showings in the general area. No results are available as yet.

## **Hebecourt-Montbray Townships, Northwestern Quebec**

During April 1971 a group of 32 claims was optioned in Hebecourt Township about 25 miles

northwest of Noranda, Quebec. These claims cover some occurrences of copper mineralization in a favourable geological setting. The initial phase of the exploration program consisted of an airborne magnetometer and Input Survey by Questor International Surveys Limited totalling 360 line miles and covering an area of approximately 40 square miles which includes the 32-claim block. Three conductors were outlined as follows:

### **Conductor No. 1**

This conductor is indicated on 7 lines, strikes east-west just north of the Porcupine-Destor fault. It has been described by D. Watson of Questor as follows:

"It lies near the Porcupine-Destor fault and in favourable geology for massive sulphide occurrences. Good conductivity is exhibited by the intercepts of this conductor, and the magnetic association with some of the anomaly intercepts suggests the presence of sulphides. The conductor has to be considered a good massive sulphide target."

A total of 26 claims covering about 1,950 acres have been staked by the Company in Hebecourt Township to cover this conductor which is in excess of 4,000 feet long. A grid was cut over the anomalous zone which was followed by a ground electromagnetic survey. The ground survey confirmed the airborne anomaly. A diamond drill has been moved into the property and testing of this anomaly is expected to begin shortly.

### **Conductor No. 2**

This conductor lies about 10 miles further west near the north boundary of the survey and is close to a projected rhyolite-andesite contact. It is a 3-line conductor, weaker than No. 1, however, the geological setting is considered to be very favourable. Eight claims totalling 800 acres were staked on this zone. A grid has been completed over the anomalous area and ground surveys are currently under way.

### **Conductor No. 3**

This conductor lies along the southern boundary of the survey. The source of the anomaly is in question as it follows a small creek and swampy area. The anomalous zone trends east-west and is some 5,500 feet in length. Twelve claims totalling



900 acres were staked in Montbray Township to cover this anomaly. A grid has been completed over the zone of the anomaly and ground surveys are now under way.

### **Montgomery Township, Northwestern Ontario**

A review of the 1970 exploration program on this 35-claim property in which some 28 holes totalling 7,991 feet of drilling were completed, indicates that further work should be done on the east 'Adit Zone' in order to evaluate this portion of the property. Three holes at 400 foot spacing have indicated a zone length of 1,000 feet grading 1.70% copper over a true width of 16.7 feet.

A drill contract has been given and a series of short 'fill-in' holes will be put down to determine whether this structure is continuous. If continuity is proved, considerably more drilling will be done, including depth probing. This drilling program should be under way by the end of August, 1971.

During the six month period ended June 30, 1971, exploration expenditures amounted to \$46,545. It is expected that exploration expenditures for the full year will be close to last year's approximate \$150,000. Working capital at June 30, 1971 was \$161,879.

In addition to its exploration efforts, your Company considers it appropriate to its corporate objectives to also investigate investment opportunities in the natural resources field and is currently planning to participate in a new company formed to assemble gold prospects. The enclosed reprint of recent articles published in the August 5th and 19th issues of The Northern Miner are relevant to this proposed participation.

On behalf of the Board of Directors,

**"PAUL PENNA"**

August 20, 1971

President

# SUDBURY CONTACT MINES, LIMITED

## *Statement of Administrative Expenses (Unaudited)*

|                                                                      | Six Months Ended<br>June 30 |                         |
|----------------------------------------------------------------------|-----------------------------|-------------------------|
|                                                                      | 1971                        | 1970                    |
| EXPENSES                                                             |                             |                         |
| Administration, office and<br>accounting . . . . .                   | \$ 4,800                    | \$ 3,000                |
| Shareholders' information                                            | 3,442                       | 964                     |
| Legal and audit . . . . .                                            | 2,716                       | 2,916                   |
| Miscellaneous . . . . .                                              | 2,027                       | 1,364                   |
| Transfer agent fees . . . .                                          | 1,469                       | 851                     |
| Directors' fees . . . . .                                            | 450                         | 100                     |
| Interest and bank charges                                            | 339                         | ( 6)                    |
| Depreciation, office fur-<br>niture . . . . .                        | 88                          | 88                      |
|                                                                      | <u>15,331</u>               | <u>9,277</u>            |
| LESS: Gain (loss) on<br>disposal of market-<br>able securities . . . | 62,344                      | ( 1,743)                |
|                                                                      | <u>62,344</u>               | <u>( 1,743)</u>         |
| NET ADMINISTRATIVE EX-<br>PENSES FOR THE PERIOD                      | <u><u>\$ ( 47,013)</u></u>  | <u><u>\$ 11,020</u></u> |

# SUDBURY CONTACT MINES, LIMITED

## *Statement of Deferred Exploration Expenditures (Unaudited)*

| EXPENDITURES DURING<br>PERIOD                                                   | Six Months Ended<br>June 30 |                   |
|---------------------------------------------------------------------------------|-----------------------------|-------------------|
|                                                                                 | 1971                        | 1970              |
| <b>RED LAKE MINING<br/>DIVISION</b>                                             |                             |                   |
| Diamond drilling . . . .                                                        | \$ 19,456                   | \$ 3,110          |
| Consulting . . . . .                                                            | 3,701                       | 1,662             |
| General camp expenses                                                           | 777                         | —                 |
| Travelling . . . . .                                                            | 711                         | 739               |
| Surveys . . . . .                                                               | —                           | 4,718             |
|                                                                                 | <u>24,645</u>               | <u>10,229</u>     |
| <b>HEBECOURT TOWNSHIP</b>                                                       |                             |                   |
| Geophysical surveys .                                                           | 9,000                       | —                 |
| Consulting . . . . .                                                            | 7,442                       | —                 |
| Staking . . . . .                                                               | 2,700                       | —                 |
| General camp expenses                                                           | 985                         | —                 |
| Depreciation, vehicles                                                          | 791                         | —                 |
| Line cutting . . . . .                                                          | 310                         | —                 |
|                                                                                 | <u>21,228</u>               | <u>—</u>          |
| <b>POIRIER, RAINBOTH AND<br/>JOUTEL TOWNSHIPS</b>                               |                             |                   |
| Consulting . . . . .                                                            | —                           | 1,200             |
| Surveys and surface<br>work . . . . .                                           | —                           | 1,000             |
| Claim rental . . . . .                                                          | —                           | 489               |
| General expenses . . . .                                                        | —                           | 265               |
|                                                                                 | <u>—</u>                    | <u>2,954</u>      |
| <b>OTHER PROPERTIES</b>                                                         |                             |                   |
| Licenses, fees and taxes                                                        | 442                         | 97                |
| General and consulting                                                          | 230                         | 2,719             |
|                                                                                 | <u>672</u>                  | <u>2,816</u>      |
|                                                                                 | 46,545                      | 15,999            |
| <b>DEFERRED EXPLORATION<br/>EXPENDITURES, beginning<br/>of period . . . . .</b> |                             |                   |
|                                                                                 | <u>248,161</u>              | <u>188,407</u>    |
|                                                                                 | 294,706                     | 204,406           |
| Less: Expenditures writ-<br>ten off — Fair-<br>banks Township .                 | <u>67,180</u>               | <u>—</u>          |
| <b>DEFERRED EXPLORATION<br/>EXPENDITURES, end of<br/>period . . . . .</b>       |                             |                   |
|                                                                                 | <u>\$ 227,526</u>           | <u>\$ 204,406</u> |

# SUDBURY CONTACT MINES, LIMITED

## *Summary of Deferred Exploration Expenditures (Unaudited)*

|                                                     | As at June 30 |            |
|-----------------------------------------------------|---------------|------------|
|                                                     | 1971          | 1970       |
| Montgomery Township . . .                           | \$ 137,421    | \$ 59,690  |
| Red Lake Mining Division                            | 68,510        | 17,646     |
| Hebecourt Township . . . . .                        | 21,228        | —          |
| Thunder Bay . . . . .                               | 367           | 222        |
| Fairbanks Township . . . . .                        | —             | 66,580     |
| Poirier, Rainboth and Joutel<br>Townships . . . . . | —             | 60,268     |
|                                                     | \$ 227,526    | \$ 204,406 |

## *Statement of Source and Application of Funds (Unaudited)*

|                                                       | Six Months Ended<br>June 30 |            |
|-------------------------------------------------------|-----------------------------|------------|
| SOURCE OF FUNDS                                       | 1971                        | 1970       |
| Gain (loss) on disposal<br>of marketable securities   | \$ 62,344                   | \$( 1,743) |
| Deposits received on share<br>subscriptions . . . . . | 105,000                     | —          |
|                                                       | 167,344                     | ( 1,743)   |
| <br>APPLICATION OF FUNDS                              |                             |            |
| Administrative expenses .                             | 15,331                      | 9,277      |
| Less: Depreciation ..                                 | 88                          | 88         |
|                                                       | 15,243                      | 9,189      |
| Exploration expenditures<br>less depreciation . . . . | 45,753                      | 15,999     |
| Purchase of equipment<br>and vehicles . . . . .       | 5,672                       | —          |
| Option on mining claims                               | —                           | 4,000      |
|                                                       | 66,668                      | 29,188     |
| INCREASE (DECREASE) IN<br>WORKING CAPITAL . . . .     | 100,676                     | ( 30,931)  |
| WORKING CAPITAL, begin-<br>ning of period . . . . .   | 61,203                      | 196,757    |
| WORKING CAPITAL, end of<br>period . . . . .           | \$ 161,879                  | \$ 165,826 |